

Service Date: May 29, 1996

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF the Application of)	UTILITY DIVISION
Valley Telecommunications, Inc. to)	
Introduce Custom Calling, CLASS and)	DOCKET NO. N95.11.173
Switched 56 Services.)	ORDER NO. 5907

IN THE MATTER OF the Application of)	
Valley Telecommunications, Inc. to)	UTILITY DIVISION
Replace its Local Exchange Tariff and)	
Increase Rates for PIC Changes and)	DOCKET NO. N95.12.184
Nonpublished Numbers.)	ORDER NO. 5906

FINAL ORDER

FINDINGS OF FACT

1. On November 22, 1995 Valley Telecommunications, Inc. (Valley) filed with the Montana Public Service Commission (PSC or Commission) for authority to offer new services including various Custom Calling and CLASS services and Switched 56 kilobit service. The PSC designated this filing Docket No. N95.11.173. The Custom Calling and CLASS features include: Call Waiting/Cancel Call Waiting; Call Forwarding; Call Forwarding Remote Activation; 3-Way Calling; Speed Calling (8 and 30 Number); Warm Line; Twin Line Service; Home Intercom; Caller Number Delivery; Caller Number Delivery Blocking (Per Line and Per Call); Ring Again; Customer Originated Trace; Automatic Call Back; Selective Call Acceptance; Selective Call Forwarding; Selective Call Rejection; and Selective Distinctive Call Ringing/Call Waiting. Switched 56 kilobit service is a measured data access line service capable of switching and transmitting digital data at 56 kilobits per second.

2. On December 19, 1995 the Commission granted Valley interim approval to begin offering the services included in Docket No. N95.11.173 as detariffed, with the exception of Call

Waiting/Cancel Call Waiting, 3-Way Calling, Speed Calling, and Switched 56 kilobit, which were required to be fully tariffed.

3. On December 12, 1995 Valley filed for authority to replace its entire local exchange tariff. Valley stated its desire to make its tariff consistent with Project Telephone Company's tariff and to recover increased costs. Valley also proposed to increase existing rates for residential and business nonpublished numbers and to increase the charge associated with changing a customer's selected primary interexchange carrier. Valley proposed to reduce the monthly rate for residential and business off-premise extensions.

4. In response to the PSC's request to quantify the net revenue impacts of these changes, Valley advised the PSC that it did not have the information necessary to prepare such a forecast. No revenue requirement analysis or cost of service/rate design analysis was done. According to Valley, its asserted cost increases are related to higher payroll expenses and capital investments in network infrastructure. Valley stated that it has upgraded step switches to digital DMS-10 switches and placed over 70,000 feet of cable in an effort to replace lead and aerial cable. Valley also stated that it has upgraded over 19,000 feet of service drops from 1 or 2 pair cable to a minimum of 3 pair, and in some cases up to 6 pair cable. One full-time employee and one part-time employee have been added since Valley began operating in April 1994. In that same time period, Valley's annual payroll expense appears to have increased about \$415,300.¹

COMMISSION DECISION

5. The Commission hereby approves, on a final basis, Valley's request to offer all the services included in its November 22, 1995 application (Docket No. N95.11.173) as detariffed

¹ This increase in payroll expense may include expenses associated with a contract between Valley Telecommunications, Inc. and Nemont Telephone Cooperative to share employees.

services with the exception of Call Waiting, Cancel Call Waiting, Warm Line, Twin Line Service and Switched 56 kilobit. The Commission authorizes the Company to offer the excepted services as tariffed services. In addition, the Company should make the following textual revisions when filing its compliance tariffs:

- (a) Remove references to Centrex and Toll Pac;
- (b) Revise the description of Twin Line, Home Intercom and Blocking, adding text to the Blocking description to explain Calling Number Blocking-Per Call and Caller Number Blocking-Per line;
- (c) Clearly label and separate tariff sheets for ADetariffed Custom Calling and CLASS Feature Rates@ and ATariffed Custom Calling and CLASS Feature Rates.@ Prices for detariffed services should be listed on pink paper.
- (d) Include the revised MTS Rate Discount Table provided in response to Data Request PSC-8, Docket No. N95.12.184;
- (e) Clarify text for Customer Originated Trace.

6. Valley's proposed Primary Interexchange Carrier (PIC) change charge is denied. Valley shall not charge a total of more than \$5.00 for subsequent changes to a customer's selected primary interexchange carrier. The PSC believes a total PIC change charge of \$5.00 is consistent with the FCC's intent for PIC changes. A \$5.00 charge provides some cost recovery but does not present a barrier to competition or the exercise of customer choice. Finally, the \$5.00 charge appears to have become an industry standard rate that is expected by consumers.

7. The other tariff changes proposed in Valley's December 12, 1995 filing (Docket No. N95.12.184) are hereby approved.

CONCLUSIONS OF LAW

1. The Commission has authority to supervise, regulate and control public utilities. Section 69-3-102, MCA. The Commission has the authority to establish rates, tariffs and fares for the provision of regulated telecommunications service, except as limited by statute for rate regulation of small telecommunications providers. Sections 69-3-807(1) and 69-3-901, et seq., MCA.

2. Valley Telecommunications, Inc. provides regulated telecommunications services within the State of Montana and is a public utility under the regulatory jurisdiction of the Commission. Sections 69-3-101 and 69-3-803, MCA.

3. With the exception of noncompetitive exchange access service to end-users and carrier access services, the Commission may approve services to be provided on a detariffed basis. Sections 69-3-807 and 69-3-810, MCA.

ORDER

1. With the exception of the Company's proposed PIC change charge, the tariff changes requested by Valley in its November 22, 1995, and December 12, 1995, applications are approved, as modified by Paragraphs 3-7 of this order.

2. Valley's proposed PIC change charge is denied. The Company may not charge a total of more than \$5.00 per request for a change in a customer's selected primary interexchange carrier. Valley is directed to remove the separate intrastate PIC change charge from its tariff, and a service order charge may not be applied to PIC change requests.

3. Valley is directed to revise its tariff as necessary within 30 days to comply with the findings contained in Paragraphs 3-7 of this order.

4. Docket Nos. N95.11.173 and N95.12.184 are closed.

Done and Dated this 22nd day of May, 1996 by a vote of 4 - 1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY MCCAFFREE, Chair

DAVE FISHER, Vice Chair
(Voting to Dissent)

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.